

House Water Resources and the Environment Subcommittee

**Hearing on the Economic Importance of Seaports: Is the United States
Prepared for 21st Century Trade Realities?**

October 26, 2011

**Testimony of William D. Friedman
President and CEO, Cleveland-Cuyahoga County Port Authority**

Thank you Chairman Gibbs and members of the committee for this opportunity to come before you on this critical topic.

For nearly 25 years I have worked at coastal and inland ports and on real estate development projects tied to the global supply chain.

I served in leadership roles at the Port of Seattle, as CEO of the Ports of Indiana, and now am CEO of the Port of Cleveland, an important gateway that connects the North American heartland to the global economy via the St. Lawrence Seaway.

I'm here today representing the Cleveland port only, but I believe my views are consistent with those of maritime professionals throughout the Great Lakes/St. Lawrence Seaway region.

First let me thank you and your colleagues for initiating several bills that are critically needed in the Great Lakes and nationally. These are:

- HR 2840, the Commercial Vessel Discharges Reform Act of 2011**
- HR 1553, the Short Sea Shipping Act of 2011, and**
- HR 104, the Realize America's Maritime Promise Act**

All three bills would better prepare our port and others for 21st Century Trade Realities.

The Great Lakes/St. Lawrence Seaway system is a major economic resource and trade corridor with vast unrealized potential. It provides direct waterborne connections between our manufacturing and agricultural companies and the global marketplace.

An economic benefit study released just last week, documents the value of the Great Lakes-Seaway system. On the U.S side alone, system

shipping generates 128,000 jobs, \$9.6 billion annually in personal income, \$18.1 billion annually in business revenue, and more than \$2.6 billion annually in federal, state and local taxes.

In Greater Cleveland, maritime commerce supports almost 18,000 jobs and more than a \$1.0 billion in paychecks cashed every year.

Our cargoes include raw materials and finished goods that are dependent on our maritime highways.

Iron ore from Duluth is shipped on 1,000-foot Great Lakes vessels to ArcelorMittal's Cleveland mill, the most productive integrated steel facility in the world. And massive pieces of industrial equipment made in Ohio and neighboring states are exported from our port to the world.

Waterborne transport to and from the industrial Midwest is proven to drive down shipping costs and make exports more competitive, while easing congestion on our highways and rail networks.

Yet despite these benefits the promise of the St. Lawrence Seaway -- one of the great engineering wonders of the world -- has yet to be fully realized. And both the system and our ports are vastly underutilized.

Reform of federal regulations and policies must occur for the Great Lakes to play its intended role as a critical gateway for U.S. exports and trade.

First, we need passage of the Short Sea Shipping Act. I find it astounding that Canada is our number one trading partner yet virtually none of this trade is moved by water across the Great Lakes. Current law puts the Great Lakes at a disadvantage. This is why we urge passage of HR 1553, to put waterborne transport on an even playing field with land modes.

The lack of a federal ballast water standard also threatens current and future Great Lakes/Seaway trade. As you know, ballast water discharge is regulated by two federal agencies under two separate authorities, one of which allows states to do whatever they want. This has given rise to New York's utterly unworkable ballast water rule, which will effectively shut down Seaway shipping if it goes into effect next year, jeopardizing tens of thousands of jobs. HR 2840, the Commercial Vessel Discharges Reform Act will rectify this deplorable state of affairs, and again, we strongly urge its passage.

Lastly, I want to comment on dredging and the U.S. Army Corp of Engineers project delivery system.

In Cleveland, we are working extremely hard to plan and implement a new approach to managing material dredged from our shipping channel. In essence we want to put sediment to beneficial use rather than dispose of it in landfills along our downtown waterfront. We believe this approach is smarter, more efficient and less expensive for taxpayers.

We are prepared to commit local dollars, seek contributions from private beneficiaries, and take over project management from the Corps. However, the Corps authorities, rules and practices make this an extraordinarily difficult and years-long process.

Therefore, we urge Congress to take up a comprehensive reform of WRDA and other relevant laws to usher in 21st century management of water resources. We urge you to rewrite laws to:

- First, spend 100% of the Harbor Maintenance Trust Fund on harbor maintenance as HR 104 (RAMP Act) provides**
- Second, allow multi-year reauthorizations to provide for predictable funding for dredging**
- Third, allow non-federal sponsors to directly manage dredging and other navigation projects without waiting for project delivery by the Corps**
- Fourth, substantially shorten the timeframe for federal planning and decision making on navigation and water resource projects**

We believe ports and local sponsors are in many cases best positioned to manage harbor maintenance and improvement projects. This will save scarce public dollars, get projects online faster, and ultimately drive job creation by making our nation more competitive.

Thank you again for allowing me to come before you today.

